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| Auditor's Name and Date |
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**Internal Audit Compliance Checklist**

**ENTERTAINMENT  
WALKTHROUGH PROCEDURES**

Licensee: \_\_\_\_\_ Review Period: \_\_\_\_\_

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the Chair” in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS) regarding the Live Entertainment Tax. The use of this checklist satisfies these requirements.

This checklist can be completed for multiple entertainment areas, if applicable, as long as the responses clearly indicate to which entertainment area the responses apply.

**Indicate the entertainment area(s) being reviewed:** \_\_\_\_\_

| Date of Inquiry | Person Interviewed | Position |
|-----------------|--------------------|----------|
|                 |                    |          |
|                 |                    |          |
|                 |                    |          |
|                 |                    |          |
|                 |                    |          |

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All “no” answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chair has granted a MICS variation or the question requires a “no” answer for acceptability. All “N/A” answers require referencing and/or comment, as to the reason the procedure is not applicable. All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.
- 3) “(#)” refers to the Minimum Internal Control Standards for Entertainment, Version 9 or to the applicable regulation/statute.

Scope:

This checklist must be completed once in each fiscal year. However, as addressed in the Internal Audit Guidelines, a *CPA MICS Compliance Checklist – Entertainment* may not be completed for areas subject to entertainment with annual live entertainment revenue of less than \$5,000; and may be completed once every two years for areas generating annual live entertainment revenue of less than 3% of total annual reported entertainment revenue. Taxable entertainment areas include licensee operated and leased venues located on the legal premises. If multiple entertainment areas exist, additional checklists should be completed to adequately document procedures. Walk-throughs should be performed during entertainment status for frequent, routinely scheduled entertainment. Walk-throughs and testing are not necessary for special events and when no live entertainment revenue is reported during the business year. However, step #19 of the “Miscellaneous Regulations – Testing Procedures” needs to be completed to determine whether any areas of the gaming establishment are subject to Live Entertainment Tax.

If the Entertainment Internal Audit Checklists have been completed for the fiscal year, it is not necessary to perform entertainment internal audit procedures for any new entertainment area added after checklist completion. Entertainment Internal Audit procedures will be performed for these new areas during the next fiscal year.

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MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and NGCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment:

Determine if approval has been received for all associated equipment used in the live entertainment department. For all unreported associated equipment, cite violations of **Regulation 14.260**. For associated equipment, perform a walk-through of any additional controls on the use of the associated equipment which may be included in the written system of internal control.

| Date Approval Granted | MICS Number or Regulation | Description of Variation/Waiver Granted or Associated Equipment Approval | Number(s) of Procedure Modified or Added | W/P Ref. (if appl.) |
|-----------------------|---------------------------|--|--|---------------------|
|                       |                           |  |  |                     |
|                       |                           |  |  |                     |
|                       |                           |  |  |                     |
|                       |                           |  |  |                     |

**Note:** Variations/waivers and associated equipment need only be scheduled once. Refer to the workpaper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

| Questions  | Yes | No | N/A | Comments, W/P Reference |
|--|-----|----|-----|-------------------------|
| 1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the NGCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary. |     |    |     |                         |
| 2. Complete the CPA MICS Compliance Checklist for Entertainment in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines" and Internal Audit Reporting Requirements "Guidelines".   |     |    |     |                         |

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| Questions  | Yes | No | N/A | Comments, W/P Reference |
|--|-----|----|-----|-------------------------|
| 3. Complete the "Entertainment Area Evaluation Form" and inquire with accounting/audit personnel to determine that all areas subject to live entertainment tax have been properly reported. Are taxes being collected and paid on admission charges for all areas determined to be subject to live entertainment tax?  |     |    |     |                         |
| <b>Nonrecurring Entertainment and Special Event Areas</b>  |     |    |     |                         |
| 4. For areas with nonrecurring entertainment (e.g., bar with free nightly entertainment, where an admission charge is imposed for a New Year's Eve party), determine that admission charges subject to entertainment tax have been properly reported.  |     |    |     |                         |
| 5. Does the licensee or operator conduct or have they conducted any special events with entertainment in areas where entertainment is not typically offered (i.e., parking lots, atriums, bowling alleys, etc.) that require an admission charge? <b>Inquire with various licensee personnel.</b> If so, determine that admission charges subject to entertainment tax have been properly reported. <b>[NRS 368A.200(1)] Document any such events.</b> |     |    |     |                         |

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| Questions  | Yes | No | N/A | Comments, W/P Reference |
|--|-----|----|-----|-------------------------|
| <p><b>Luxury Suites, Boxes or Similar Products</b></p> <p>6. For facilities with a maximum occupancy of at least 7,500 persons, is the taxable amount equal to the lowest priced admission charge available to the general public multiplied by the number of admissions included in the license or rental fee, regardless of the number of admissions utilized for the live entertainment event? [NAC 368A.143]</p> |     |    |     |                         |
| <p>7. For facilities with a maximum occupancy of less than 7,500 persons, is the taxable amount equal to the entire amount of the proceeds from the license or rental fee? [NAC 368A.143]</p>  |     |    |     |                         |
| <p>8. If an <i>alternative method</i> was approved by the Chair and is used for calculating the taxable amount, determine that the correct amount has been reported. [NAC 368A.410]</p>  |     |    |     |                         |
| <p><b>Admission Charges - Controls and Records</b></p> <p>9. Are any required minimum purchases of food, beverages or merchandise paid in exchange for admission to a facility where taxable live entertainment is provided? If so, determine that these amounts were accounted for solely as part of the total amount reported as taxable admission charges. [NAC 368A.450(2)]</p>                                  |     |    |     |                         |

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|---|-----|----|-----|-------------------------|
| 10. Relating to the previous two questions, is the tax collected and remitted based on the admission charge shown or displayed? <b>[NRS 368A.200(3) and NAC 368A.460(2)]</b>  |     |    |     |                         |
| 11. If entertainment subject to tax is offered in any facility located at a licensed gaming establishment, even if another person is affording that entertainment ("operator"):   |     |    |     |                         |
| a. Is the licensee collecting the tax from the operator and remitting the tax based upon the operator's records? <b>[NRS 368A.200(1) and NAC 368A.490(1)]</b>   |     |    |     |                         |
| b. Is the licensee keeping all pertinent required records; and either obtaining and keeping, or requiring the operator to obtain and keep all other pertinent required records? <b>[NRS 368A.160 and NAC 368A.490(2)]</b>   |     |    |     |                         |
| c. Is the licensee obtaining and keeping, or requiring the operator to obtain and keep, any executed contracts relating to the sale or distribution of admissions to the facility that have been entered into by the operator and a ticket service provider? <b>[NAC 368A.490(2)]</b> |     |    |     |                         |

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| 12. Does the licensee obtain and keep detailed transaction reports of an operator or ticket service provider selling or distributing taxable admissions to a facility where live entertainment is provided which is located on the premises of the taxpayer's licensed gaming establishment? [NAC 368A.500(1)(a)(2)] |     |    |     |                         |
| 13. Does the licensee, operator or ticket service provider keep records evidencing any exclusions or exemptions from the tax (pursuant to chapter 368A of the NRS) of live entertainment provided at the licensed gaming establishment? [NAC 368A.500(1)(b)]   |     |    |     |                         |
| 14. Does the licensee obtain and keep each contract entered into with an operator or a ticket service provider selling or distributing taxable admissions to a facility where live entertainment is provided? [NAC 368A.500(2)]  |     |    |     |                         |
| <b>Package Programs</b>  |     |    |     |                         |
| 15. Are package program breakdowns computed in accordance with the provisions of NRS 368A.200(1) and NAC 368A.450(5)?  |     |    |     |                         |
| <b><u>Procedures Modified or Added</u></b>   |     |    |     |                         |
|  |     |    |     |                         |
|  |     |    |     |                         |
|  |     |    |     |                         |

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